

QUARTERLY REPORT

LICENSEE HARRAH'S CASINO HOTEL , ATLANTIC CITY

ADDRESS 777 HARRAH'S BLVD.

ATLANTIC CITY, N.J. 08401

FOR THE QUARTER ENDED SEPTEMBER 30, 2001

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

NAME OF OFFICER IN
CHARGE OF
CORRESPONDENCE
REGARDING THIS
QUARTERLY REPORT

ANTHONY P. RODIO

OFFICIAL TITLE VICE PRESIDENT OF FINANCE AND CASINO MARKETING

ADDRESS 777 HARRAH'S BLVD.

ATLANTIC CITY, N.J. 08401

BALANCE SHEETS

AS OF SEPTEMBER 30, 2001 AND 2000

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2001 (c)	2000 (d)
	ASSETS		
	Current Assets:		
1	Cash and Cash Equivalents (Note 2).....	\$ 22,979	\$ 28,857
2	Short-Term Investments.....	0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2001, \$2,143; 2000, \$3,337).....	5,971	6,893
4	Inventories (Note 2).....	873	1,094
5	Prepaid Expenses and Other Current Assets (Note 5).....	5,242	4,159
6	Total Current Assets.....	35,065	41,003
7	Investments, Advances, and Receivables (Note 6).....	253,393	255,374
8	Property and Equipment - Gross (Notes 2 and 3).....	621,581	548,506
9	Less: Accumulated Depreciation and Amortization (Notes 2 and 3).....	(247,641)	(223,836)
10	Property and Equipment - Net (Note 2 and 3).....	373,940	324,670
11	Other Assets (Note 7).....	15,762	17,508
12	Total Assets.....	\$ 678,160	\$ 638,555
	LIABILITIES AND EQUITY		
	Current Liabilities:		
13	Accounts Payable.....	\$ 1,700	\$ 1,970 *
14	Notes Payable.....	0	0
	Current Portion of Long-Term Debt:		
15	Due to Affiliates.....	0	0
16	Other.....	0	0
17	Income Taxes Payable and Accrued (Note 2).....	0	141
18	Other Accrued Expenses (Note 9).....	18,381	24,746 *
19	Other Current Liabilities.....	368	732 *
20	Total Current Liabilities.....	20,449	27,589
	Long-Term Debt:		
21	Due to Affiliates.....		
22	Other (Note 4).....	500,000	500,000
23	Deferred Credits (Note 2).....	968	1,334
24	Other Liabilities (Note 10).....	44,433	46,035
25	Commitments and Contingencies (Note 2)		
26	Total Liabilities.....	565,850	574,958
27	Stockholders', Partners', or Proprietor's Equity.....	112,310	63,597
28	Total Liabilities and Equity.....	\$ 678,160	\$ 638,555

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001 AND 2000

(UNAUDITED)
(\$ IN THOUSANDS)

(a) LINE	(b) DESCRIPTION	(c) 2001	(d) 2000
	Revenue:		
1	Casino	\$ 308,384	\$ 308,667
2	Rooms	22,157	21,504
3	Food and Beverage	35,884	32,833
4	Other	7,499	7,345
5	Total revenue	373,924	370,349
6	Less: Promotional Allowance (Note 2)	43,454	39,989
7	Net revenue	330,470	330,360
	Costs and Expenses:		
8	Cost of goods and services	150,489	152,986
9	Selling, general, and administrative	56,873	59,726
10	Provision for doubtful accounts	0	534
11	Total costs and expenses	207,362	213,246
12	Gross Operating Profit	123,108	117,114
13	Depreciation and amortization	18,227	16,853
	Charges from affiliates other than interest:		
14	Management Fees	0	0
15	Other Note 11	33,982	21,513
16	Income (Loss) from Operations	70,899	78,748
	Other Income (Expenses):		
17	Interest (expense) - affiliates -	0	0
18	Interest (expense) - external	(24,025)	(28,608)
19	Investment alternative tax and related income (expense) - net	(1,415)	(1,097)
20	Nonoperating Income (expense) - net (Note 12)	34	340
21	Total other income (expenses)	(25,406)	(29,365)
22	Income (Loss) Before Income Taxes and Extraord. Items	45,493	49,383
23	Provision (credit) for income taxes (Note 2)	2,553	2,477
24	Income (Loss) Before Extraordinary Items	42,940	46,906
25	Extraordinary items (net of income taxes - 2001, \$0; 2000, \$0)	0	0
26	Net Income (Loss)	\$ 42,940	\$ 46,906

The accompanying notes are an integral part of the financial statements.
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STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2001 AND 2000

(UNAUDITED)
(\$ IN THOUSANDS)

(a) LINE	(b) DESCRIPTION	(c) 2001	(d) 2000
	Revenue:		
1	Casino	\$ 113,327	\$ 113,570
2	Rooms	8,774	8,889
3	Food and Beverage	13,380	12,453
4	Other	3,240	2,589
5	Total revenue	138,721	137,501
6	Less: Promotional Allowance (Note 2)	17,092	15,534
7	Net revenue	121,629	121,967
	Costs and Expenses:		
8	Cost of goods and services	52,678	54,380
9	Selling, general, and administrative	21,216	20,770
10	Provision for doubtful accounts	0	18
11	Total costs and expenses	73,894	75,168
12	Gross Operating Profit	47,735	46,799
13	Depreciation and amortization	6,099	5,648
	Charges from affiliates other than interest:		
14	Management Fees	0	0
15	Other (Note 11)	19,190	7,340
16	Income (Loss) from Operations	22,446	33,811
	Other Income (Expenses):		
17	Interest (expense) - affiliates -	0	0
18	Interest (expense) - external	(6,949)	(9,926)
19	Investment alternative tax and related income	(127)	(444)
	(expense) - net		
20	Nonoperating Income (expense) - net (Note 12)	12	89
21	Total other income (expenses)	(7,064)	(10,281)
22	Income (Loss) Before Income Taxes and Extraord. Items	15,382	23,530
23	Provision (credit) for income taxes (Note 2)	880	1,180
24	Income (Loss) Before Extraordinary Items	14,502	22,350
25	Extraordinary items (net of income taxes - 2001, \$0; 2000, \$0)	0	0
26	Net Income (Loss)	\$ 14,502	\$ 22,350

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001
AND THE TWELVE MONTHS ENDED DECEMBER 31, 2000

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	Description (b)	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	(e)	Total Equity (Deficit) (f)
1	Balance, December 31, 1999	\$165,954	(\$149,263)	\$0	\$16,691
2	Net Income - 2000		52,679		\$52,679
3	Capital Contributions.....				
4	Capital Withdrawals.....		0		\$0
5	Partnership Distributions.....				
6	Prior Period Adjustments.....				
7	.....			
8	.....			
9	.....			
10	Balance, December 31, 2000	165,954	(96,584)	0	69,370
11	Net Income - 2001		42,940		\$42,940
12	Capital Contributions.....				
13	Capital Withdrawals.....		0		\$0
14	Partnership Distributions.....				
15	Prior Period Adjustments.....				
16	.....			
17	.....			
18	.....			
19	Balance, September 30, 2001	\$165,954	(\$53,644)	\$0	\$112,310

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE HARRAH'S CASINO HOTEL, ATLANTIC CITY

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001 AND 2000

(UNAUDITED)
(\$ IN THOUSANDS)

(a) LINE	(b) DESCRIPTION	(c) 2001	(d) 2000
1	Net Cash Provided (Used) by Operating Activities	\$ 55,928	\$ 23,788
	Cash Flows from Investing Activities:		
2	Purchase of short-term investment securities	0	0
3	Proceeds from the sale of short-term investment securities	0	0
4	Cash outflows for property and equipment	(60,295)	(24,282)
5	Proceeds from disposition of property and equipment	0	0
6	Purchase of casino reinvestment obligations	(3,677)	(3,622)
7	Purchase of other investments and loan advances made	0	0
8	Proceeds from disposal of investments and collection of advances and long-term receivables	0	4,308
9	Cash outflows to acquire business entities	0	0
10	Write Off Abandoned Projects	4	95
11	.....	0	0
12	Net Cash Provided (Used) by Investing Activities ..	(63,968)	(23,501)
	Cash Flows from Financing Activities:		
13	Cash proceeds from issuance of short-term debt	0	0
14	Payments to settle short-term debt	0	0
15	Cash proceeds from issuance of long-term debt	10,000	0
16	Costs of issuing debt	0	0
17	Payments to settle long-term debt	(10,000)	0
18	Cash proceeds from issuing stock or capital contributions	0	0
19	Purchases of treasury stock	0	0
20	Payments of dividends or capital withdrawals	0	0
21	Transfer to Affiliates	0	0
22	.....	
23	Net Cash Provided (Used) by Financing Activities	0	0
24	Net Increase (Decrease) in Cash and Cash Equivalents	(8,040)	287
25	Cash and Cash Equivalents at Beginning of Period	31,019	28,570
26	Cash and Cash Equivalents at End of Period	\$ 22,979	\$ 28,857
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
	Cash Paid During Period for:		
27	Interest (net of amount capitalized)	\$ 24,033	\$ 24,552
28	Income Taxes	\$ 3,570	\$ 2,705

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE

HARRAH'S CASINO HOTEL, ATLANTIC CITY

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001 AND 2000

(UNAUDITED)
(\$ IN THOUSANDS)

(a) LINE	(b) DESCRIPTION	(c) 2001	(d) 2000
	Net Cash Flows From Operating Activities:		
29	Net Income (loss)	\$ 42,940	\$ 46,906
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property & equipment	18,227	16,853
31	Amortization of other assets	307	308
32	Amortization of debt discount or premium	0	0
33	Deferred income taxes - current	0	0
34	Deferred income taxes - noncurrent	0	0
35	(Gain) loss on disposition of property & equipment	0	24
36	(Gain) loss on casino reinvestment obligation	0	0
37	(Gain) loss from other investment activities	0	0
38	Net (increase) decrease in receivables and patrons checks	(213)	(280)
39	Net (increase) decrease in inventories	221	274
40	Net (increase) decrease in other current assets	(1,494)	(1,295)
41	Net (increase) decrease in other assets	1,312	(2)
42	Net increase (decrease) in accounts payables	(340)	(1,359)
43	Net increase (decrease) in other current liabilities excluding debt	(4,429)	5,438
44	Net increase (decrease) in other noncurrent liabilities excluding debt	(1,051)	(1,547)
45	Net increase in other receivables or advances	448	(41,532)
46			
47	Net Cash Provided (Used) by Operating Activities	\$ 55,928	\$ 23,788
SUPPLEMENTAL SCHEDULE OF CASH FLOW INFORMATION			
	Aquisition of Property and Equipment:		
48	Additions to property and equipment	\$ 60,295	\$ 24,282
49	Less: capital lease obligations incurred	0	0
50	Cash Outflows for Property and Equipment	\$ 60,295	\$ 24,282
	Acquisition of Business Entities:		
51	Property and equipment acquired	\$	\$
52	Goodwill Acquired		
53	Net assets acquired other than cash, goodwill, and property and equipment		
54	Long-term debt assumed		
55	Issuance of stock or capital invested		
56	Cash Outflows To Acquire Business Entities	\$	\$
	Stock Issued or Capital Contributions:		
57	Total issuance of stock or capital contributions	\$	\$
58	Less: issuances to settle long-term debt, and		
59	Consideration in acquisition of business entities		
60	Cash Proceeds from Issuing Stock or Capital Contributions	\$	\$

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)

NOTE 1 - ORGANIZATION AND BASIS OF PRESENTATION

Marina Associates (the "Partnership") operates as a general partnership which owns and operates a casino hotel located in the Marina District of Atlantic City, New Jersey known as Harrah's Casino Hotel Atlantic City. Harrah's Operating Company, Inc. ("HOC"), a direct wholly-owned subsidiary of Harrah's Entertainment, Inc. ("Harrah's") through its subsidiaries, is the sole owner of the Partnership. A substantial portion of the Partnership's revenues are derived from gaming operations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash Equivalents - Cash equivalents are highly liquid investments with a maturity of less than three months and are stated at the lower of cost or market value.

Inventories - Inventories of provisions and supplies are valued at the lower of cost, weighted average, or market.

Property and Equipment - Property and equipment are stated at cost, including capitalized interest. Depreciation of property and equipment is calculated using the straight-line method over the estimated useful life of the assets, as follows:

Buildings, leaseholds and improvements	40 years
Furniture, fixtures and equipment	3 - 10 years

Long-Lived Assets - During 1996, the Partnership adopted the provisions of Statement of Financial Standard No. 121, "Accounting for the Impairment of Long-Lived Assets" ("SFAS 121"). SFAS 121 requires, among other things, that an entity review its long-lived assets and certain related intangibles for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. During 2001, no business conditions or events occurred which may indicate a possible impairment. The assessment for potential impairment is based primarily on the Company's ability to recover the unamortized balance of its long-lived assets from expected future cash flows from its operations on an undiscounted basis.

Investments in Subsidiaries - During 1999, the Company, through its wholly owned subsidiary Reno Crossroads LLC ("Reno"), acquired a parcel of land in Reno, Nevada for approximately \$10,325. The existing facilities located on the parcel site are in the process of being demolished and a new plaza will be constructed on the site. On February 1, 2000, Reno entered into an agreement to lease this parcel of land to HOC for a period of twenty years at a fixed rent of \$1,120 per year. Project spending as of September 30, 2001 amounted to approximately \$2,365.

Revenue Recognition - Casino revenues consist of the net win from gaming activities, which is the difference between gaming wins and losses. Food, beverage, rooms and other revenues include the aggregate amounts generated by those departments.

HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)

Promotional Allowances - Gross revenues include the retail value of complimentary food, beverage, theater and hotel services furnished to patrons. The retail value of these promotional allowances is deducted to arrive at net revenues.

Income Taxes - The accompanying financial statements do not include a provision for federal income tax purposes by the individual partners. In accordance with regulations prescribed by the New Jersey Casino Control Act, the Partnership files a state income tax return on behalf of the partners. Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of tax assets and liabilities for financial reporting and income tax purposes. Deferred tax assets and liabilities are measured using enacted rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in existing tax rates is recognized as an increase or decrease to the tax provision in the period that includes the enactment date.

Disclosures - In accordance with the Quarterly Report Instructions, the Partnership has not submitted updated information for the summary of future lease obligations and contribution of savings and retirement plan in which employees of the Partnership may participate. There has been no significant changes to the information submitted in our December 31, 2000 Annual Report.

Use of Estimates - The preparation of these financial statements in conformity with generally accepted accounting principles requires the Partnership to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

Casino Licensing - In April 2000, the New Jersey Casino Control Commission renewed the Partnership's casino license through April 2004. A New Jersey casino license is not transferable and must be renewed by filing an application.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and Equipment as of September 30 consisted of the following:

	<u>2001</u>	<u>2000</u>
Land and Land Improvements	\$ 71,151	\$ 70,584
Buildings, Leaseholds and Improvements	359,441	332,900
Furniture, Fixtures and Equipment	152,615	140,622
Construction in Progress	<u>38,374</u>	<u>4,400</u>
	621,581	548,506
Less Accumulated Depreciation	<u>(247,641)</u>	<u>(223,836)</u>
Property and Equipment, Net	<u>\$373,940</u>	<u>\$324,670</u>

HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)

NOTE 4 - LONG-TERM DEBT

Long-term debt as of September 30 consisted of the following:

	<u>2001</u>	<u>2000</u>
Revolving Credit and Letter of Credit		
Facility, 4.2375% - 6.1125% at September 30, 2001		
and 7.4875% - 7.55% at September 30, 2000,		
maturing in 2004, with interest payable monthly	<u>\$500,000</u>	<u>\$500,000</u>

As of December 31, 2000, Harrah's Entertainment had revolving credit and letter of credit facilities (the "Bank Facility"), in the amount of \$1.9 billion. The Bank Facility consisted of a five-year \$1.525 billion revolving credit and letter of credit facility maturing in 2004 and a separate \$375 million revolving credit facility, which is renewable annually at the lenders' and borrower's options. On April 26, 2001, the 364-day facility was reduced from \$375 million to \$328 million, reducing the total borrowing capacity available under the Bank Facility to \$1.85 billion. As of September 30, 2001, the Partnership's intercompany loan balance with HOC in connection with the Bank Facility was \$500 million. Currently, the Bank Facility bears interest based upon 80 basis points over LIBOR for current borrowings under the \$1.525 billion revolving credit and 85 basis points over LIBOR for the \$328 million revolving credit. In addition, there is a facility fee for borrowed and unborrowed amounts which is currently 20 basis points on the five-year facility and 15 basis points on the 364-day facility.

NOTE 5 - PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets as of September 30 consisted of the following:

	<u>2001</u>	<u>2000</u>
Prepaid Taxes	\$ 1,290	\$ 1,160
Prepaid Insurance	446	388
Prepaid Air Charters	1,439	1,826
Prepaid Marketing	736	407
Prepaid Other	<u>1,331</u>	<u>378</u>
	<u>\$5,242</u>	<u>\$4,159</u>

HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)

NOTE 6 - INVESTMENTS, ADVANCES AND RECEIVABLES

Investments, Advances and Receivables as of September 30 consisted of the following:

	<u>2001</u>	<u>2000</u>
Notes Receivable	\$ 1,049	\$ 1,742
Casino Reinvestment Development Authority Bonds - Net of Valuation Allowance of \$2,848 and \$2,680 at September 30, 2001 and 2000, respectively	1,855	1,574
Casino Reinvestment Development Authority obligation deposits - Net of Valuation Allowance of \$918 and \$1,278 at September 30, 2001 and 2000, respectively	6,222	4,179
Due from Affiliates	<u>244,267</u>	<u>247,879</u>
	<u><u>\$253,393</u></u>	<u><u>\$255,374</u></u>

Due from Affiliates as of September 30 consisted of the following unsecured, non-interest bearing intercompany amounts:

	<u>2001</u>	<u>2000</u>
Harrah's New Jersey, Inc.	\$ 18,962	\$ 18,962
I/C- Embassy Suites	211,946	219,443
Northeast Regional Office	4,947	4,149
Harrah's Lake Tahoe	134	141
Embassy Suites, Inc.	1,940	1,940
Harrah's Del Rio	185	183
Harrah's Reno	1,734	718
Harrah's Las Vegas	92	141
Bill's Casino	111	111
Harrah's Vicksburg	24	25
Harrah's Joliet	515	311
Harrah's New Orleans	1	1
Harrah's Tunica	2	7
Harrah's Shreveport	15	20
Harrah's St. Louis	75	77
Harrah's North Kansas City	42	43
Harrah's Cherokee	552	293
Harrah's Prairie Band	21	21
Harrah's Ak Chin	0	3
Harrah's Showboat	2,409	988
Showboat East Chicago	513	255
Harrah's Gold Card	47	47
	<u><u>\$244,267</u></u>	<u><u>\$247,879</u></u>

HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)

The Partnership transfers cash in excess of its operating needs to HOC on a daily basis. Cash transfers from HOC to the Partnership are also made based upon the needs of the Partnership to fund daily operations, including accounts payable and payroll, as well as capital expenditures. The net transfers to HOC were \$69.0 million and \$56.3 million as of September 30, 2001 and 2000, respectively.

NOTE 7 - OTHER ASSETS

Other Assets as of September 30 consisted of the following:

	<u>2001</u>	<u>2000</u>
Deposits	\$ 121	\$ 120
Deferred Other	223	112
Deferred Finance Charges	960	1,332
Deferred and Prepaid CRDA Obligations	<u>14,458</u>	<u>15,944</u>
	<u>\$15,762</u>	<u>\$17,508</u>

NOTE 8 - INVESTMENT OBLIGATIONS

The New Jersey Casino Control Act provides, among other things, for an assessment of licensees equal to 1.25% of their gross gaming revenues in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues. The Partnership may satisfy this investment obligation by investing in qualified eligible direct investments, by making qualified contributions or by depositing funds with the New Jersey Casino Reinvestment Development Authority ("CRDA"). Funds deposited with the CRDA may be used to purchase bonds designated by the CRDA or, under certain circumstances, may be donated to the CRDA in exchange for credits against future CRDA investment obligations. CRDA bonds have terms up to fifty years and bear interest at below market rates.

The Partnership includes CRDA investment bonds and funds on deposit with the CRDA in investments, advances and receivables. The Partnership records a charge to operations to reflect the estimated realizable value of its CRDA investment obligations.

Through 2001 the Partnership was required to make deposits with the CRDA of approximately \$74,236 towards its obligations through that date, of which \$72,791 was deposited. The Partnership's obligation for the third quarter of 2001 of approximately \$1,445 was deposited in October 2001.

Investments, advances and receivables at September 30, 2001 reflects \$2,216 in additional deposits which have been earmarked for the refurbishment of the Atlantic City Convention Center. This amount will be capitalized and amortized on a straight-line basis over a 15 year period when the Convention Center is reopened for operations. The Partnership has committed \$11,986 of its current and future CRDA deposit obligations for the project.

To satisfy current Atlantic City obligations as well as those projected beyond the year 2001, the Partnership received approval from the CRDA for a qualified direct investment project to construct various townhomes, an apartment building and a retail store outlet in the northeast section of Atlantic City at an estimated cost to the

HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)

Partnership of approximately \$54,500. As of September 30, 2001, approximately \$54,410 has been expended by the Partnership of which approximately \$4,123 was reimbursed to the Partnership from certain government grants and \$18,742 represented a prepayment position of the Partnership's future obligations.

In December 1999, the CRDA approved a credit exchange agreement between Harrah's Atlantic City and Atlantic City Showboat. The credit exchange agreement resulted in Harrah's Atlantic City exchanging \$4,628 of its future South Jersey CRDA obligations for \$4,628 of Atlantic City Showboat's current Atlantic City CRDA obligations. Harrah's Atlantic City received this amount in January 2000 as a reimbursement of its prepaid Atlantic City obligation, previously mentioned.

NOTE 9 - OTHER ACCRUED EXPENSES

Other Accrued Expenses as of September 30 consisted of the following:

	<u>2001</u>	<u>2000</u>
Accrued Salaries, Wages and Benefits	\$ 8,859	\$10,309
Taxes Payable	1,542	1,765
Accrued In-House Progressive Slot Liability	166	208
Accrued City Wide Progressive Slot Liability	252	413
Accrued Interest, Long-term debt	1,977	3,927
Accrued Casino Control Commission / Department		
Gaming Enforcement Casino License Fees	1,088	1,282
Other Accrued Expenses	<u>4,497</u>	<u>6,842</u>
	<u>\$18,381</u>	<u>\$24,746</u>

NOTE 10 - OTHER LIABILITIES

Other Liabilities as of September 30 consisted of the following:

	<u>2001</u>	<u>2000</u>
Due to Affiliates, Long-term	\$39,771	\$39,750
Other	<u>4,662</u>	<u>6,285</u>
	<u>\$44,433</u>	<u>\$46,035</u>

Due to Affiliates at September 30 consisted of the following unsecured, non-interest bearing inter-company accounts:

	<u>2001</u>	<u>2000</u>
Harrah's Holdings, Inc.,	\$ 603	\$ 603
Harrah's Atlantic City, Inc.	38,855	38,855
Harrah's Ak Chin	21	-
Harrah's Holiday Inns of New Jersey, Inc.	<u>292</u>	<u>292</u>
	<u>\$39,771</u>	<u>\$39,750</u>

HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)

NOTE 11 - CHARGES FROM AFFILIATES - OTHER

Use of Trademarks - The Partnership entered into a license agreement in August 1995 with Harrah's Las Vegas, Inc., for the use of certain licensed trademarks. The licensing agreement was renewed in 2001 for an additional five-year period. Under the agreement, the Partnership is required to pay a fixed license fee of \$34,050 per year. For the nine months ended September 30, 2001 and 2000, the Partnership's license fee was \$25,537 and \$14,516, respectively.

Administrative Services - The Partnership is charged a fee from HOC for administrative services (including legal, accounting and insurance). The Partnership was charged \$8,445 and \$6,997 for these services for the nine months ended September 30, 2001 and 2000, respectively.

NOTE 12 -NONOPERATING INCOME (EXPENSE) - NET

Nonoperating income (expense) - net includes \$318 for legal fees paid related to the sale of land to the State of New Jersey in 1998.

SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ IN THOUSANDS)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	200,092	\$ 17,428	-	\$ -
2	Food	1,505,000	15,050	-	-
3	Beverage	3,176,000	7,940	-	-
4	Travel	-	-	62,687	6,206
5	Bus Program Cash	-	-	320	4
6	Other Cash Complimentaries	-	-	2,343,360	29,292
7	Entertainment	112,750	2,255	-	-
8	Retail & Non-Cash Gifts	156,200	781	208,000	1,040
9	Parking	-	-	-	-
10	Other	-	-	-	-
11	Total	5,150,042	\$ 43,454	2,614,367	\$ 36,542

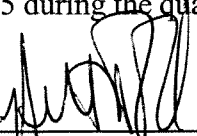
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2001

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	77,761	\$ 6,773	-	\$ -
2	Food	562,600	5,626	-	-
3	Beverage	1,117,200	2,793	-	-
4	Travel	-	-	27,455	2,718
5	Bus Program Cash	-	-	-	-
6	Other Cash Complimentaries	-	-	887,200	11,090
7	Entertainment	81,800	1,636	-	-
8	Retail & Non-Cash Gifts	52,800	264	67,000	335
9	Parking	-	-	-	-
10	Other	-	-	-	-
11	Total	1,892,161	\$ 17,092	987,655	\$ 14,143

HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)

STATEMENTS OF CONFORMITY, ACCURACY AND COMPLIANCE

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this Quarterly Report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during the quarter.



Signature

Vice President of Finance and Casino Marketing

Title

7022-11

License Number

On Behalf of:

Marina Associates

Casino Licensee

CCC-249